

THE PURPOSE OF THIS AMENDMENT IS AMEND RFP L/IG 97-02, TO RESPOND TO VENDOR QUESTIONS, AND TO EXTEND THE DUE DATE.

ACCORDINGLY:

SECTION 1 - VENDOR QUESTIONS

1. QUESTION: In reviewing the RFP, we were not able to find where it specified the contract hours or amount. We noticed on pages 1 through 4 that the minimum hours are indicated, but were unable to find the maximum.

On page 7, the RFP discusses a maximum funding level for the resulting contract. However, each year is left blank. Is the contractor to enter a maximum funding level?

ANSWER: There are no minimum or maximum hours in this contract. The minimum dollar amount identified in B.3. is \$250. The maximum for this contract will be a dollar amount set on page 7 in B.8 Contract Funding Levels. This amount will be calculated by the Contracting Officer prior to finalizing the contract.

The hours listed in Sections B, L and M are the minimum effort that the offeror must demonstrate it can provide. Inability to demonstrate at least these hours will cause a contractor to be considered non-responsive. The estimated hours and cost per hour in Section B will be used for the cost evaluation and to set the fixed-price per labor hour price. Section L, Factor 4A, requires that the offeror estimate the total staff resources for a year for all firm business and the percentage of the firm's total staff resources that would be available by the proposed audit team. In this section the offeror can indicate the desire to offer more resources than the estimated minimum hours listed in Section B.

2. QUESTION: Factor 4 of the technical proposal requires resumes of "the individuals proposed". Are those individuals at the Partner, Manager, Senior and IT Specialist level only or are staff member resumes required?

ANSWER: Resumes are required for Partner, Manager, Senior, and IT Specialist, not for staff members.

3. QUESTION. 1.2. Business Management Proposal part (C) concerning licenses and certifications - are individual CPA licenses of all member of the firm required? Licenses of FIRM only? Licenses of members of firm who are proposed and whose resumes are submitted? Any combination of these?

ANSWER: A copy of CPA license(s) for the firm should be submitted, not for each member of the proposed audit team. On Proforma Schedule III indicate CPA, state and license number for each member of the audit team when appropriate.

4. QUESTION: Please respond to the following: (1) If a small business does not have the

CFO Act experience per se, i.e., performance on contracts/subcontracts under its own name, will the experience of its staff in the CFO Act be considered with equal weight? (2) It appears that the RFP entails work which is normal accounting and auditing in nature, will only the CFO ACT experienced firm be selected for the multiple awards or will other firms without the specific CFO Act experience be equally eligible for non-CFO Act type of work in the RFP?

ANSWER: (1) The minimum requirement for each firm is a financial statement audit in accordance with GAGAS performed during the past 3 years. (2) The Scope of Work for this RFP is broader than the CFO Act and credit will be given to firms that have the professional expertise/capability to accomplish the Scope of Work. If a firm has a broader capability than CFO Act experience, it can receive credit for it under Subfactor 2A (as revised) on the list in Proforma Schedule II and in Subfactor 2B and has the possibility of making it to the competitive range.

5. QUESTION: Factor 2 of the technical proposal requires that attachment B be completed for ALL AUDITS for the last 3 years issued in final between 1/1/94 to 3/31/97. This listing would include in excess of 200 audits during this period of time, especially in the non-profit and private for profit areas. Please clarify if you want "ALL" or a representative sample.

ANSWER: As the directions in Section L, Factor 2, Subfactor 2A requests, the list should include largest audits under each category in descending order of size, not to exceed 20 audits under each of the four categories. Factor 2 has been revised to indicate this change and is included in this amendment.

6. QUESTION: Page 83, M.5. Step 3 states "Technical merit is significantly more important than cost. Question: How will the award points be allocated between technical and cost proposals?

ANSWER: Awards will be made on the greatest value to the government. This means that an award will be based on the expectation of superior performance based on technical quality, an offeror's cost or price relative to other offers will be a secondary consideration. Evaluation of factor and procedures are being compiled before the technical evaluation panel meets. This information is not available at this time.

7. QUESTION: Pages 11 and 12, C.3. gives the minimum experience for partners as seven (7) years of general experience and three (3) years of government auditing experience; for managers as five (5) years of general experience and two (2) years of government auditing experience; and for seniors as three (3) years of general. experience and one (1) year of government auditing experience. Page 68, Subfactor 4B, states in part "The minimum total number of years of auditing experience for persons assigned to this audit is 7 years for partners, 5 years for managers, 3 years for seniors." Is my interpretation correct that Page 68. Subfactor 4B would be included in the determining guidance and that the governmental auditing experience discussed in Subfactor 4C would be included in, and not

in additional to, experience required in Subfactor 4B.

ANSWER: You are correct, the total general experience should include the government auditing experience. The minimum experience for partners is seven (7) years of experience of which three (3) years must be government auditing experience; for managers as five (5) years of experience of which two (2) years must be government auditing experience; and for seniors as three (3) years of experience of which one (1) year must be government auditing experience

8. QUESTION: Page 68, Subfactor 4D states in part, "everyone assigned to this audit team...shall **have met** the continuing education requirement of the Generally Accepted Government Auditing Standards, for the most recent two calendar years." Page 43 Attachment E includes a section that provides for a yes/no answer, "80 Hrs CPE for last 2 years" The question is that while the education requirement of Generally Accepted Government Auditing Standards, is in general 80 hours of CPE per two year period including 24 hours of governmental related courses, in many cases this may not provide for 80 hours of CPE training the last 2 calendar years. As provided for in the Generally Accepted Government Auditing Standards, some firms report CPE on other than calendar year basis, (example two years ended June 30, 1997) also staff accountants hired during the two year period would be required to obtain fewer hours during the first two year reporting period. Therefore, it is possible the team members may have met the Standards, but not have "80 Hrs CPE for last 2 years". How will the evaluation team address this factor?

ANSWER: The requirement is that everyone assigned to this audit team meet the Generally Accepted Government Auditing Standards, including official interpretations, that government auditors update their skills by taking 80 hours of CPE in a two (2) year period. The 2 year period may be a fiscal year prescribed by a state board of accountancy. In this case, you would use the most recent 2 year period, ending on or before the submission of your proposal.

9. QUESTION: Is Attachment E, page 43, to be completed by the offeror or is this an example of the form to be used by the evaluation team?

ANSWER: Attachment E is a summary for bidders and will be used by the evaluation team. The evaluation team will ensure that these requirements are met.

10. QUESTION: Page 2, states in part "For the purpose of evaluation the Government will utilize the average rate for the Min-Max range for the Audit Specific Specialists category," how many hours for the Audit Specific Specialists category will be used in the evaluation?

ANSWER: There are no stated hours because of the broad skills that this category encompasses. The Min-Max range assists in cost evaluation and sets a range of costs for these specialists during the contract.

11. QUESTION: Page 65, 2nd paragraph, states proforma schedule II should include "all audits for the last 3 years issued in final between January 1, and March. 31, 1997." Subfactor 2A seems to indicate the list may be more limited. Our firm has issued approximately five hundred (500) audit reports during this period please advise how this should be interpreted.

ANSWER: See the answer to Question Number 5.

12. QUESTION: Subfactor 3A: states "Each offeror must prepare Proforma Schedule II. (Attachment B) found in Section J - Attachments." This question is related to question 11 above, is this for all clients or for a more limited selection of clients?

ANSWER: See the answer to Question Number 5.

13. QUESTION: The second paragraph of Subfactor 3A states "Client Authorization Letters (Attachment C, Section J - Attachments) must be mailed to individual references no later than five (5) work days after proposal submission." Should these letters be sent to all clients listed on Proforma Schedule II?

ANSWER: Yes, because the evaluation team may wish to do a random sample of inquiries. The Client Authorization Letter does not need to be sent to the Department of Labor OIG because project evaluations are already on file.

14. QUESTION: Subfactor 3B: states in part "statements on the quality of a firms audit work from at least three major audit customers and any work with a Federal Office of Inspector General from the last year should also be provided on the customer's letterhead. Question, should the offeror obtain the subject letters from clients and include in the proposal, should the offeror instruct the client to furnish these letters to the Department, or will these letters be obtained by the evaluation team as a result of contacting the above mentioned clients when reviewing Proforma Schedule I?

ANSWER: The letters from the three major audit customers and any Federal Offices of Inspector General should be obtained by the offeror and included in the proposal.

15. QUESTION: How should Pro-Forma Schedule I be addressed in states which have no licensing requirement for the practice unit i.e., the accounting firm?

ANSWER: If a state has no licensing requirement for the practice unit, so indicate on Proforma Schedule I.

16. QUESTION: How many contracts are anticipated to be awarded under this RFP?

ANSWER: The exact number of contracts to be awarded has not yet been decided.

17. QUESTION: Page 65 of 85, paragraph 1 states:

“...offeror”’s experience within the past 3 years in performing full scope financial statement audits for Federal, state or local.., and/or a large private sector clients {emphasis added}.”

The third paragraph on this page states “At a minimum, the offeror must demonstrate experience in performing at least one full scope financial statement audit prepared in accordance with the standards for financial audits contained in the Generally Accepted Government Auditing Standards (GAGAS) for a Federal, state or local entities.” Is an audit of a “large private sector client” that was audited under GAGAS specifically excluded from this minimum?

Would such a firm’s proposal be immediately rejected?

ANSWER: No, paragraph one of Subfactor 2A specifically mentions “...performing a full scope financial statement audit forand/or private sector client” in accordance with Generally Accepted Government Audit Standards.

18. QUESTION: Page 66 of 85, last paragraph, “Subfactor 3B state: “In addition, statements on the quality of a firm’s audit work from at least three major audit customers...”

Should these statement be sent directly to the Department of Labor by the customer or should they be included with our proposal?

ANSWER: See the answer to question 14.

19. QUESTION: Is an extension of the due date expected?

ANSWER: The due date is extended until May 22, 1997 at 3:00 p.m. EDT

20. QUESTION: RFP Page 68 of 85 states that “any firm not being able to provide enough staff for each labor category will be determined non-responsive to the RFP and will be eliminated from the evaluation...”

Question - If a firm is otherwise qualified to perform Task Orders which do not require the services of an IT Specialist, and such a firm does not employ an IT Specialist, is this firm eliminated because it is not able to provide enough staff in this labor category?

ANSWER: Yes, however, the firm may wish to consider subcontracting this work. See Question Number 50.

21. QUESTION: The third paragraph of page 68 of the RFP, requires that each offeror prepare Proforma Schedule III. The Proforma Schedule III on page 42 requests the name and number of hours for each CPE course for the period 1/1/95 to 12/31/96. The next to the last paragraph of page 68 also refers to continuing education requirements for the two

most recent calendar years.

The GAO document, "Interpretation of Continuing Education and Training Requirements," issued April 1991, paragraph 28 contains provisions for audit organizations to use a measurement date other than the effective date of the yellow book to coincide with a fiscal year or another reporting requirement (e.g., state board of accountancy). Our firm has converted its measurement data and reporting period in accordance with this GAO provision to a June 30 measurement date which coincides with our State Board of Public Accountancy's measurement date. Will our alternate measurement dates meet the requirements of the RFP?

ANSWER: See the answer to Question number 8.

22. QUESTION: We also follow the requirements of the CPE standards for staff level employees in accordance with paragraph 30 of the GAO document, "Interpretation of Continuing Education and Training Requirements," issued April 1991 which provides for a phase-in of the requirements for staff with less than 2 years with the audit organization. Will adherence to this GAO interpretation meet the requirements of the RFP?

ANSWER: Yes

23. QUESTION: The Proforma Schedule III on page 42 of the RFP under the name and number of hours for each CPE course would indicate that 56 hours of "Non-Gov't" CPE is required. Our understanding of paragraph 3.6 of the Yellow Book Standards is that at least 24 of the 80 hours of continuing education must be in subjects directly related to government auditing but there is no requirement for any minimum of "Non-Gov't CPE,"

ANSWER: 80 hours of CPE is the requirement with at least 24 hours of government auditing, therefore, if more than 24 hours of education is government auditing the difference between the true number of hours and the 80 hours should be entered as long as the total number of hours equals or exceeds 80 hours.

24. QUESTION: The third paragraph of page 75 of the RFP states that "offerors should not submit firm experience information outside the time frames specified as these will not be evaluated and will provide a lower rating because the offeror did not follow the directions of the solicitation." We understand that for "Factor 2 - Technical Experience" on page 65 of the RFP, this would include the Firm's experience since January 1, 1994, however per page 68 of the RFP, the resumes of individuals are to show a minimum years of audit experience 7, 5, 3, and 3 years for partners, managers, seniors, and IT Specialist, respectively. Are we correct in assuming that individual's experience information should go back as far as we choose to go? For instance the partner resume should include experience information at least 7 years back and preferably more?

ANSWER: The resumes may include all relevant experience that would indicate the individual's value to the proposed audit team. It should reflect at least the minimum

requirements and may extend further.

25. QUESTION: Concerning the Proforma Schedule III on page 42 of the RFP, we are unable to fit the response into the form due to lack of space. Is a format of our own design or reference to additional schedules acceptable? Do you have another preference or instructions?

ANSWER: The purpose of the form is to clearly identify the requirements. The format should be retained but may be recreated with additional space (i.e., lines or width). See the revised directions in amended Section L.3.

26. QUESTION: Page 65 of the RFP requires the offeror to complete Proforma Schedule II, (Attachment B) to include ALL AUDITS for the last 3 years. In our case where this may include 75 to 100 audit engagements per year, is it necessary to include the requested information for all these audits? It will require significant effort and time to contact all of these clients and to compile and provide all the information. This seems onerous to include all of these. Is there any alternative for reducing the list for the proposal to say the five largest or some other reduced number of your choosing and still have the potential to receive the maximum points on evaluation?

ANSWER: See the answer to Question Number 5.

27. QUESTION: Proforma Schedule II, (Attachment B), on page 40 of the RFP requires disclosure of "Total Assets or Expenses Whichever is Greater" for all audit clients. This is information confidential to our clients and we would be doing professional disservice to our clients if we disclose this information beyond information on our DOL engagements which we would be disclosing to DOL. We would also be in violation of Rule 301 of the AICPA Code of Professional Conduct which precludes us from disclosing confidential client information on our own. May we omit this information on the non-DOL jobs in accordance with our professional responsibilities and still potentially earn the maximum evaluation points?

ANSWER: If there are non-public, non-government entities where information is confidential, then so indicate.

28. QUESTION: Page 65 of the RFP requires the offeror to complete Proforma Schedule II (Attachment B), to include ALL AUDITS for the last 3 years. This request in essence requires us to publish our complete audit client list. This is of extreme importance and confidentiality to our firm. In addition, the fact that we do a certain audit may be considered confidential information by that particular client. Can you assure us that any client listing such as this Proforma Schedule II, will be used in extreme confidence for purpose of the RFP evaluation only and will not be released under any circumstances to anyone else for any other purpose, including other firms requesting a copy of the proposals? We could possibly provide it under separate cover if necessary.

ANSWER: See the answer to Question Number 5. Any information submitted will not be released or used for any other purpose.

29. QUESTION: Page 81 of the RFP, fourth paragraph from the bottom states, “*The firm should list the audit specialists that it will be able to provide.” Must we provide names of specific individuals for these specialties?

ANSWER: The individual names are not necessary but the types of specialties that can be provided should be listed.

30. QUESTION: What information is required to be included in the Technical/Management Proposal on the Audit specific specialists and their related services?

ANSWER: List the specialty and whether this specialty is available on staff or if the specialty must be procured through a subcontract.

31. QUESTION: Can we subcontract with other accounting firms to perform the primary audit services?

ANSWER: Yes, but the provisions at FAR 52.219-14, Limitation on Subcontracting, apply: “(b) By submission of an offer and execution of a contract, the Offeror/Contractor agrees that in performance of the contract in the case of a contract for (1) Services (except in construction) at least 50 percent of the cost of contract performance incurred for personnel shall be expended for employees of the concern.”

32. QUESTION: The proposal states “for purposes of this procurement, concerns responding to this request for proposals is classified as small if its average annual receipts for the preceding three fiscal years, do not exceed \$6,000,000 [SIC Code 8271].

Can the fiscal year averages used to determine the small business standing, include fiscal years ending before the award date for this RFP?

ANSWER: FAR Part 19.102(b) states “Annual receipts of a concern that has been in business for less than 3 complete fiscal years means its total receipts for the period it has been in business, divided by the number of weeks including fractions of a week that it has been in business, and multiplied by 52. In calculating total receipts, the definitions and adjustments related to a change of accounting method and the completed contract method of paragraph (a) above are applicable.”

33. QUESTION: Section J, Attachment B, Schedule II, indicates that it will be used for evaluation Factor 2, however, Sections L and M require the information as response to Factor 3. Please clarify.

ANSWER: Section J, Attachment B-1, Schedule IIa will be used in evaluating Factor 2, Subfactor 2A, Technical Experience **and** Section J, Attachment B-2, Schedule IIb, Factor

3, Past Performance. See the revisions to Section L.3. and Section M.4. included in this amendment.

34. QUESTION: Section M provides for Subfactor 5C rather than 5B. Section L does not provide for 5C only 5A and 5B. Please clarify.

ANSWER: In Section M, Factor 5, Audit Approach and Workplan, there should be two subfactors, Subfactor 5A and Subfactor 5B. On page 83, please change "Subfactor 5C" to read "Subfactor 5B". Section M has been revised to indicate this change.

35. QUESTION: It is our understanding that Sections L and M require resumes for partners, managers, seniors, and ADP auditors only. Is it correct that no staff resumes are required? Please clarify.

ANSWER: See answer to Question 2.

36. QUESTION: Factor 3 - Past Performance, Section L, Page 66. Factor 3 provides that the past performance information requested in Items 3A and 3B is to be submitted for both the offeror and proposed major subcontractors. If the 1,000 hours of Information Technology Specialist work is subcontracted by our firm, would that subcontractor be considered a major subcontractor? Generally, how is a major subcontractor defined?

ANSWER: See the answer to Question Number 31.

37. QUESTION: Subfactor 3B, References, Section L, Page 66. This Subfactor provides that in addition to clients to whom Client Authorization Letters are sent, offerors are to solicit formal statements on the quality of their audit work from at least three major customers and any work with a Federal Office of Inspector General. This appears to be an unusual requirement, but is it anticipated that Client Authorization Letters would not be sent to customers that offerors personally solicit for comments on the quality of their work?

ANSWER: The Client Authorization Letter will give permission to clients to respond to the evaluation team. The technical evaluation team will be contacting selected clients from Proforma Schedule IIb, Attachment B-2, to request information on past performance. There may be a need for the technical evaluation team to also contact clients who have written statements regarding the quality of the firm's audit work to clarify the recommendation. These clients may need authorization to respond, therefore, it would be appropriate to send them a client authorization letter also.

38. QUESTION: Factor 2 - Technical Experience, Section M, Page 78. The scope of work described in Section C.1. of the solicitation, page 8, includes numerous types of audits and audit related services that may be required by the Department of Labor's Office of Inspector General (OIG). However, the evaluation factor for technical experience addresses only full scope financial statement audits (Subfactor 2A). It does not address

financial related audits (e.g., audits of grants and contracts), or performance audits (e.g., audits of program results). Incidental to responding to the requirements of Subfactor 2B, an offeror may be able to highlight its expertise in those areas to some extent. However, there is no indication in the description of Factor 2 of how an offeror's experience in performing financial related and performance audits will be weighed, if at all, during the proposal evaluation process. Is it the intent to de-emphasize or give no weight to an offeror's experience in performing those types of audits? If not, how will such experience be considered, or weighed during the evaluation process?

ANSWER: See the answer to Question Number 4. Subfactor 2A is amended to state: "A detailed listing of the offeror's experience during the past 3 years should be presented on Proforma Schedule IIa, FACTOR 2, TECHNICAL EXPERIENCE, Attachment B-1, describing the performance of financial statement, financial related, economy and efficiency and performance audits for Federal, state or local agencies or Federal corporations, and/or private sector clients."

As long as an offeror meets the minimum of one full scope financial statement audit, other experience (financial related and performance audits) will be evaluated and given points as appropriate. Experience in all four types of audits listed on the Proforma Schedule IIa is requested. All will be evaluated. The one full scope GAGAS Financial Statement Audit is the minimum requirement.

In addition, we have amended Subfactor 2B to add the word "including" to clarify that both the work described in the Scope of Work as well as the four types work described in Subfactor 2B will receive credit.

39. QUESTION: Subfactor 4B, Resumes, Section M, Page 82. Are staff auditor resumes required to be submitted as a part of the proposal?

ANSWER: See the answer to Question 2.

40. QUESTION: Proforma Schedule III, Page 42 Proforma Schedule III calls for listing on the form the name and number of hours for each CPE course that each proposed staff member completed during a 2 year period, and the name of Government auditing assignments and labor category to which each staff member was assigned (period not specified). To comply with these requirements would provide an unwieldy schedule.

Staff members we plan to propose for assignments in response to this solicitation completed from 18 to 30 different CPE courses during the 1995-1996 CPE cycle. Listing such a large number of courses on Proforma Schedule III would produce a very lengthy and cumbersome schedule. Would it be acceptable to summarize the number of CPE hours for each staff member on the schedule, and provide a separate listing, by staff member, of CPE courses completed during the 2-year period?

Similarly, listing each assignment that each proposed staff member had, presumably during

the 3--year period covered by Proforma Schedule II, would be equally cumbersome. It seems that much of what is desired regarding the assignments that each proposed staff member had will be contained on Proforma Schedule II. However, if this is not sufficient, would a separate listing, by staff member be acceptable?

ANSWER: See the answer to Question 25

41. QUESTION: Section C.3.(f) - Information Systems Audit Support Specialists. The second paragraph defines this position to include “six months of experience in government audit.” The evaluation factors in Attachment E have the government auditing experience column blacked out for the IT specialist category. Is government auditing experience required for this position? If so, how much government auditing experience is required?

ANSWER: No government auditing experience is required for Information Systems Audit Specialist. Section C.3(f) will be amended to indicate this change.

42. QUESTION: Schedule III asks only about Bachelor’s degrees as does the table (Attachment E). However, the evaluation factors (Subfactor 4D) ask about advanced degrees. How do we present advanced degrees in Schedule III?

ANSWER: See the answer to Question Number 25. Schedule III was revised to include all degrees. In addition, advanced degrees should be listed in the resumes.

43. QUESTION: Section L.3. Subfactor 4D requests CPE information for the past 3 years. The Schedule III in Attachment D asks for the past 2 calendar years. For which period are we to provide information (2 years or 3 years)? Calendar years or the 2-3 years preceding the filing of our proposal. If three years, should we modify Attachment III to reflect 3 years?

ANSWER: Section L.3. Subfactor 4D and Section M.4. Subfactor 4D should read, The audit team’s educationand training (including a list of the types/description of continuing education courses and total hours for each of the past 2 years.) Regarding the definition of 2 years see the answer to Question 8.

44. QUESTION: Section L.3. Subfactor 2A asks for a list of ALL audits for the last three years (excluding non-audit services). Do you want a list of all of the audits we have performed for all of our clients, which would be a listing of literally hundreds of audits for our governmental, nonprofit and commercial clients? Please advise as to the specific scope of “ALL.”

ANSWER: See the answer to Question 5.

45. QUESTION: Section L.3. Subfactor 4B speaks to resumes. We presume that this is in addition to the information in Schedule III. Is our presumption correct? What format do you want for the resumes? Do we put them in Section 4B or as an addendum to the

proposal (they will be quite lengthy)?

ANSWER: Yes, Proforma Schedule III is intended to summarize basic resume information. Resumes should be presented in an acceptable business format or they may be keyed to Schedule III. They should be included in Section 4B.

46. QUESTION: Section L.3 Subfactor 4E indicates that extra consideration will be given for publishing, teaching, etc. Schedule III has no place for this information. Do we add it to Schedule III as a new column, just include in the resumes, or add another schedule of such items?

ANSWER: This information should be included in the resumes. Footnote any names on Schedule III for which such information has been provided in the resumes.

47. QUESTION: As it relates to Schedule II (in the key personnel column), do we include the names of personnel who worked on government projects which are discussed in the proposal, when only part of the team on that project is included in the proposal? Say we had a big audit for a government agency and we used 5 of our personnel to perform that audit; but due to other commitments for some of them, we are not including all of them in this proposal. Is it OK to list an audit which the firm had done but which the *key person on that audit* is not available to DOL but other members of the team are available and are included in the proposal? We are unclear how to show you our depth of experience when only part of a given audit team will be available to DOL. Does this key personnel column tie into the key personnel for the contract or does the key personnel column in Schedule II refer to the key people on that specific project?

ANSWER: The list of audits are considered the firm's experience even if some members of the audit team are no longer available or with the firm. The list in C.5. Key Personnel indicate the proposed key personnel for this contract. On Schedule II the "Key Personnel" are on the audit listed for a particular client. However, if there is little correlation between the firm's experience and the proposed team it will be considered non-responsive.

48. QUESTION: Section L.3. Subfactor 3B refers to IG work in the past year. How is this time frame defined? Calendar year? Twelve months preceding submission of the RFP? Does this mean work performed during that period of only projects for which the final report was issued during the period?

ANSWER: The time frame is defined as the twelve month period preceding the RFP. This work includes any work performed for any Office of Inspector General, even if a final report has not been issued. This information will be used to evaluate past performance.

49. QUESTION: Schedule III refers to number of "years of experience in labor category." Does this mean total years of experience, or just the years in that labor category? If, for instance, a staff person has recently been promoted to senior from the staff category, the individual might have 3+ years of experience, but have only been in the senior category for

a few months. If we put something like ½ year in the senior category; will this be properly interpreted as six months in the category **plus** 3 or more years in the staff category. Please advise as to the presentation of the years of experience.

ANSWER: Include total years of experience in all categories. See Question 25 for further information regarding format.

50. QUESTION: Are "per-diem" CPA's considered to be subcontractors, or are only established CPA Firms considered to be subcontractors?

ANSWER: Work is subcontracted to "per diem" CPAs, therefore, they are considered subcontractors.

51. QUESTION: This proposal describes "Section C" (The scope of work) to include expanded scope audits, economy and efficiency audits, program results audits, full scope audits, financial and compliance audits, indirect cost audits, forensic auditing, pre-award surveys, pricing reviews, quality control reviews, evaluations, analyses, and follow-ups required by any division of an OIG. However, the RFP evaluation factors only emphasize financial statement audits. Should we list all related experience as "suggested" in the Statement of Work, or should we limit our response only to financial statement audits?

ANSWER: See the answer to Question 38.

52. QUESTION: Resumes are required for Partners, Managers, Seniors, Staff, and IT Specialist. Are resumes or names of companies and individuals required for the audit's specific specialist categories?

ANSWER: See the Answer to Question 2.

53. QUESTION: Subfactor 5B states that the offeror should discuss any problems that did arise during any governmental financial statement audits. Should these be actual problems or possible problems?

ANSWER: Either type of problem is acceptable.

54. QUESTION: Should experience listed be only for the past three years (1/1/94 - 3/30/97)?

ANSWER: Yes

55. QUESTION: Section B., Labor Hours Rates - Under the Personnel Classification the Audit Specific Specialist does not have any estimated direct labor hours, should there be hours assigned?

ANSWER: No, see the answer to Question Numbers 29 and 30.

56. QUESTION: Section B.8, Contract Funding Levels - How will the maximum Government liability be determined for each Fiscal Year?

ANSWER: See the answer to Question Number 1.

57. QUESTION: Section C.2., Statement of Work (a) 3. - What type of documentation do you consider to be “validly documented to work in the United States?”

ANSWER: This requirement is in accordance with Executive Order 12989 (February 19, 1996), “Section 1. (a) It is the policy of the executive branch in procuring goods and services that, to ensure the economical and efficient administration and completion of Federal Government contract, contracting agencies should not contract with employers that have not complied with section 274A(a)(1)(A) and 274A(a)(2) of the Immigration and Nationality Act (8 USC 1324a(a)(1)(A); 8 USC 1324a(a)(2); and 8 USC 1324a(b)(1)(B) and (C)) (the “INA employment provisions”) prohibiting the unlawful employment of aliens.”

58. QUESTION: Section C.3., Labor Categories (b) - Audit Manager is required to be a Certified Public Accountant. Prior DOL-OIG contracts did not require the Audit Manager to be a CPA, is this going to be a requirement for all types of task orders or just CFO related task orders?

ANSWER: Audit Managers will be required to have a CPA for all work under this contract.

59. QUESTION: Section C.5., Key Personnel - Is there a minimum and maximum number of key personnel for each Labor Category for which resumes are to be included?

ANSWER: No

60. QUESTION: Section J, Attachment A - Some states do not provide a license number for CPA firms, what would you accept in lieu of a license number?

ANSWER: See the answer to Question Number 15.

61. QUESTION: Section J, Attachment A - Header that states - Answer Yes or No, Explain All No Answers on Separate Page - last column ask if Any Alleged Substandard Work, requires a No answer. Is this correct wording?

ANSWER: Section J, Attachment A. The column regarding alleged substandard work should read, a yes answer would require an explanation.

62. QUESTION: Section J, Attachment B - most of our audits are performed for a Federal OIG that is the client and the auditee is a Federal, State, Local, Non-profit or Private for

Profit. In those cases should we put the OIG, Contract Name and Telephone Number and Auditee Name under the category that the Auditee represents, such as State: DOL-OIG, State of Maryland?

ANSWER: Section J, Attachment B has been revised and included in this amendment. Yes, the audits should be classified based on the type of entity.

63. QUESTION: Section J, Attachment C - Do you want each firm to provide a copy of each Client Authorization Letter in the Proposal?

ANSWER: No, the Client Authorization letter does not need to be included in the proposal. The evaluation team will assume that the letters have been sent and that clients will be free to answer questions.

64. QUESTION: Section J, Attachment D - Do you want only the resumes of the Key Personnel included in this Attachment D? Is there a limit on the number of resumes that you want provided for each labor category for Attachment D?

ANSWER: Regarding resumes please see Question 2. There is not a limit to the number of resumes for each category but a resume must be provided for each of the Key Personnel.

65. QUESTION: Section J, Attachment D - Do you want the actual name of each CPE course provided on this Attachment or only the total CPE hours for the period?

ANSWER: Section J, Attachment D should only include the number of CPE hours, but a list of courses taken by each member of the proposed audit team should be attached to the Proforma Schedule III or follow the Proforma Schedule III in the proposal.

66. QUESTION: Section L and M - Will the firm experience requirements be expanded to include not only financial statement audits, but also to include financial related and performance audits?

ANSWER: See the revision to Sections L and M that are included in this amendment.

67. QUESTION: Section L.3.(b), Factor 3, Subfactor 3B - Does "on the customer's letterhead" mean that we are to get reference letters from at least three major audit customers and any work with a Federal OIG from the last 12 months? Is this in addition to the Client Authorization Letters required at Attachment C, Section J?

ANSWER: Yes, these are actual letters from customers. Please note the revision to Subfactor 3B in Section L.3. included in this amendment. The Client Authorization Letters, Attachment C, Section J are sent by the offeror to the clients listed on Proforma Schedule IIB. The Clients listed on Proforma Schedule IIB may be contacted by the Technical Evaluation team for an evaluation of performance. See answer to Question

Number 14.

68. QUESTION: Section L.3., Factor 4 - How many years of experience do you want each individual resumes to cover, 3, 4, or all years? Is there a page limit for each individual resume?

ANSWER: See the answer to Question Number 24. There is no page limit on resumes but a concise listing of experience is expected.

69. QUESTION: Section M.4., Technical Evaluation and Ranking - What are the maximum raw points assigned to each of the technical criteria?

ANSWER: See the Answer to Question Number 6..

70. QUESTION: Section M.5, Evaluation of the Cost/Price Proposal - How will the award points be calculated for Technical and Cost? Will it be the same as the previous RFP, 75 for Technical and 25 for cost?

ANSWER: See the answer to Question Number 6.

71. QUESTION: Based on the above questions and your responses to these and other questions, will the due date for submission of the Proposals be extended?

ANSWER: See the response to Question Number 19.

72. QUESTION: The Technical Proposal in Subfactor 2A refers to the preparation of the Proforma Schedule 2 and Subfactor 3A refers to it again. Where do we put the schedule? Does it go in both places? Or do we put it in one section and refer to it in the other section?

ANSWER: See the revisions to Section L which are included in Amendment 1 to RFP L/OIG 97-02.

73. QUESTION: I presume that we just add a section to Factor 4 (new Subfactor 4F) to discuss the availability and use of audit specifics specialists. Do we need to include any resumes or just discuss our ability to obtain such specialists?

ANSWER: See the answer to Question Number 30.

74. QUESTION: a. Is this request for proposal (RFP) renewing an expired contract?
b. If so, is previous contractor allowed to bid?

ANSWER: a. The Department of Labor, Office of Inspector General did award a contract for audit services for the Department of Labor OIG in the fall of 1994. This contract is soliciting audit services for a master contract available to all Federal agency Office of

Inspector General. b. The previous contractors are permitted to bid.

75. QUESTION: What percentage of projects outside of the Washington Metropolitan Area do you anticipate?

ANSWER: There is no way to predict the number of projects outside the Washington, D.C. area.

76. QUESTION: Will only one contract be issued under the RFP?

ANSWER: There will be multiple awards of this contract.

77. QUESTION: Will task orders for other Offices of Inspector General such as the General Accounting Office be issued through this contract?

ANSWER: Other Offices of Inspector General will be permitted to use this contract, but the GAO does not fall into this category. We cannot commit to any specific OIG at this time.

78. QUESTION: Page 68, Subfactor 4C states that "...at a minimum, the offeror must present all information demonstrating that the audit team members auditing Federal, state or local agencies or Federal Corporations have experience for 3 years for partners, 2 years for managers, and 1 year for seniors." Does full scope financial statement audits in accordance with OMB Circular A-133 qualify as experience required by this Subfactor?

ANSWER: Full scope financial statements audits with any of the public agencies mentioned qualify as experience. This Subfactor requires that the audit team meet the requirements of government auditing experience.

79. QUESTION: Page 83, Subfactor 5C discusses strategies for dealing with problems that arose during any Government financial statement audit. Do audits for not-for-profit entities in accordance with OMB Circular A-133 meet this criteria for "any Government financial statement audit"?

ANSWER: Yes, a financial statement audit for a not-for-profit entity in accordance with OMB Circular A-133 will qualify for discussion in Subfactor 5C.

80. QUESTION: We would like to request an extension of the due date for submitting our proposal. Please advise if an extension has been granted.

ANSWER: See the answer to Question Number 19.

81. QUESTION: Is it acceptable for a joint venture to submit a proposal, in which the joint venture itself has revenue less than \$6 million but one of the joint venture firms has revenue over \$6 million, and still qualify as a small business concern?

ANSWER: The joint venture will have to demonstrate that they are qualified as a joint venture small business. This will require certification from the Small Business Administration.

82. QUESTION: Is it acceptable for a prime contractor who is qualified as a small business concern to subcontract a substantial portion of the audit to a firm? If a substantial portion is not acceptable, what portion would be acceptable?

ANSWER: See the answer to Question Number 31.

83. QUESTION: Is this an RFP for new work or a rebidding of similar type of work which was done in the past?

ANSWER: See the answer to Question Number 74.

84. QUESTION: How much work in dollars and/or hours is anticipated from the task orders to be issued?

ANSWER: This information is unknown.

85. QUESTION: Will a proposal from a firm which has been in existence for less than three years and has not yet had a peer review be considered? This firm, which is a member of the AICPA private companies practice section does expect to receive an unmodified report as a result of the peer review it will undergo in the near future.

ANSWER: Yes, as long as you are in compliance with the AICPA Peer Review requirements. Section L.3. Factor 2, Subfactor 2C and Section M.4., Factor 2 - Technical Experience: Subfactor 2C have been revised and are attached in Amendment 1 to RFP L/IG 97-02.

86. QUESTION: If this is a rebidding, how much work was issued as a result of task orders?

ANSWER: See the answer to Question Number 74. All of the work issued under the previous contract bid in 1994 was issued as a result of task orders.

87. QUESTION: According to Paragraph B.6. on page 5 of the RFP, "Failure on the part of the contractor to fulfill two task orders for work in the Metropolitan D.C. area will be deemed abandonment of the contract." In Paragraph B.10. on Page 7 it states that "Task Orders over \$2,500 will be competed among the awardees when a need for audit services becomes known." Do these two statements mean that if awardee does not bid on two task orders over \$2,500 in the D.C. area the contract will be considered abandoned?

ANSWER: Awardees do not have to bid on any Task Order. This means that if an awardee bids on a task order in D.C. and they are offered the task order they can only

decline two of the task orders.

88. QUESTION: To what extent do bidders need to provide information/resumes for Audit Specific Specialists? Can other assigned personnel with the required experience also serve in this capacity?

ANSWER: See the answer to Question Number 30. If another staff member is qualified in a specialty they can serve if they are available.

89. QUESTION: \$2,500 is a very low amount for direct award. Is this the correct limit? The requirements listed for Task order proposals require an extensive amount of information for nominal amounts.

ANSWER: FAR Part 16.505(b) states "orders under multiple award contracts. (1) except as provided for in paragraph (b)(2) of this section, for orders issued under multiple delivery order contracts or multiple task order contracts, each awardee shall be provided a fair opportunity to be considered for each order in excess of \$2,500."

90. QUESTION: To What extent is subcontracting to non small business entities allowed?

ANSWER: See the answer to Question Number 31.

91. QUESTION: In order to meet the Yellow Book Auditing Standards, is peer review required?

ANSWER: Peer review is required in order to meet the requirements of this solicitation.

92. QUESTION: Can a small business with revenue of \$6,000,000 or less, have a subcontractor with higher revenue (over 6,000,000) in this RFP? Is that permissible? A small firm backed by a large firm- Please let us know by fax so that we can find a suitable partner.

ANSWER: See the answer to Question Number 31.

93. QUESTION: How many contractors do you anticipate receiving awards?

ANSWER: See the answer to Question Number 16.

94. QUESTION: What is the likelihood that an experienced Certified Fraud Examiner and sole-proprietor would receive an award to perform work solely outside of the Washington, D.C. Metropolitan Area?

ANSWER: It is impossible to know how much work would be offered outside the Washington, D.C. area.

95. QUESTION: Pages 62 and 63 require cost and pricing data and indicate cost and price will be evaluated separately. Has the contracting officer considered Federal Acquisition Regulation 15.804-1, Prohibition on Obtaining Cost or Pricing Data?

ANSWER: FAR 15.804-1(a) states that the contracting officer shall not, require the submission of cost or pricing data...(1) If the contracting officer determines that prices agreed upon are based on— (1) Adequate price competition. FAR 15.804-1(b)(1) Adequate price competition. A price is based on adequate price competition if-- (i) Two or more responsible offerors, competing independently, submit priced offers responsive to the Government's expressed requirement and if--

- (A) Award will be made to a responsible offeror whose proposal offers either --
 - (1) The greatest value to the Government and price is a substantial factor in source selection; or
 - (2) The lowest evaluated price; and
- (B) There is no finding the price of the otherwise successful offeror is unreasonable. Any such finding must be supported by a statement of the facts and approved at a level above the contracting officer;

This procurement will be awarded on the greatest value to the government not lowest evaluated price and the "technical quality will be given a significantly greater weight than cost/price." Therefore, the adequate price competition exception does not apply. Also the other exceptions listed in 15.804-1 do not apply. In accordance 15.804-2, cost and pricing data are required.

96. QUESTION: Page 64, Factor 1, requires that we provide evidence of good standing with the AICPA, all state boards of accountancy, or other regulatory body. Documentary evidence will not be available in all cases. Is it sufficient in such cases to provide a declarative statement within our proposal specifically addressing this factor?

ANSWER: See the answer to Question Number 15.

97. QUESTION: Please clarify Subfactor 4D. Pages 68 and 82 of the RFP require itemization of each audit team member's continuing professional education (CPE) for the past 3 years. Page 42, Pro Forma Schedule III, however, requires CPE itemization by person for the 2 years ending December 31, 1996.

ANSWER: See the Answer to Question Number 43.

98. QUESTION: Pages 68 and 81 of the RFP state that experience must be with the firm or another independent public accountant. We assume that audit experience with the General Accounting Office and other Federal Inspectors General can be included in years of total experience. Please clarify Subfactor 4B.

ANSWER: Yes.

99. QUESTION: Factors 3 and 3B refer to “major subcontractors.” How do you define “major?”
ANSWER: “Major subcontractors” would include any subcontractors that are listed in the proposal as providing services on more than an “on call” basis.
100. QUESTION; Page 11 states that “the contractor is prohibited from providing individualized technical assistance to the entity under audit during the period of this contract.” Please clarify the extent of this prohibition.

ANSWER: Upon reconsideration Section C.2.(g) Technical Assistance to Federal Agencies, has been eliminated from the RFP. We believe the provision for technical assistance is included in the broader Section H.3. Conflict of Interest.
101. QUESTION: Please define individualized technical assistance.

ANSWER: See the answer to Question Number 100.
102. QUESTION: Is the individualized technical assistance provision intended to set a higher standard with respect to non-audit services than the Code of Professional Conduct of the American Institute of Certified Public Accountants, which is incorporated by reference in Government Auditing Standards? If so, what is the basis for doing so?

ANSWER: See the answer to Question Number 100.
103. QUESTION: Does the individualized technical assistance provision mean a firm would be barred from performing consulting services for any agency that participates in this contract during the entire period of the contract, regardless of whether or not that firm has been awarded any task orders under this contract and regardless of the term of the task order?

ANSWER: See the answer to Question Number 100.
104. QUESTION: Does the individualized technical assistance provision mean that a firm would be barred from performing consulting services for an entity while it is auditing that entity under a task order issued under this contract?

ANSWER: See the answer to Question Number 100.
105. QUESTION: What are the implications where the firm is currently engaged (i.e., engaged first) on a consulting project subject to the individualized technical assistance provision with the prospective auditee?

ANSWER: See answer to Question Number 100.
106. QUESTION: What are the implications where the firm has completed a consulting engagement subject to the individualized technical assistance provision for the prospective

auditee by the time the audit work would commence? In other words, when is the sunset on the prohibition?

ANSWER: See the answer to Question Number 100.

107. QUESTION: Our firm and others have a separate position, entitled director at our firm (or non-equity partner at other firms), which is distinct from the manager position. Directors attain that position through demonstrated mastery of and leadership in a particular industry or functional specialty and are subject to an admission process and often play roles more akin to those of engagement partners than those of managers. As firms move away from the “up and out” approach to career progression, the establishment of the director role allows them to provide clients with deep skills and mature leadership that is not yet present in those at the manager level. We recommend that the audit labor category be amended to include a director-type category. Characteristics that the Department could use to distinguish the director category from the manager category could include:

- Minimum 10 years general audit experience and 5 years government audit experience.
- Responsible for directing the work of managers and for coordinating the work of specialists supporting the audit effort.

The compensation of directors reflects their experience and expertise and ability to provide value to clients. It would be inequitable to include directors in the manager labor category. Will the Department amend the RFP to include a director-type labor category?

ANSWER: No, this is an RFP for 100% set aside for small business. We do not believe that small business firms would be able to provide such a category.

108. QUESTION: Senior and junior EDP auditors performing general and application controls review often have specialized training and skills that distinguish them from financial auditors. Why are they not treated as a separate labor category?

ANSWER: The training and experience required of the auditors are different from those of the IT Specialist. Senior and junior EDP auditors are not identified in this RFP.

109. QUESTION: Why are there not separate labor categories for:

- EDP audit partners,
- EDP audit directors, and
- EDP audit managers?

ANSWER: This is a contract with a 100% set aside for small business, most small businesses would not have these labor categories on staff.

110. QUESTION: Page 13's description of the labor category “audit specific specialist” states

that “the use of each specific specialty is to be negotiated with the Contracting Officer within the labor hours composite range for this category.” Can offerors propose a range of labor rates for this category to allow for fair compensation for high-demand, specialized skills?

ANSWER: Yes

111. QUESTION: If the answer to the above question is no, then will the Department revise the RFP to provide for separate labor categories for the various specialized skills that may be required to support audits? These separate labor categories should be further categorized by experience level (e.g., senior or junior actuary). To allow for the variety of disciplines that may be required to support the audits that may be performed under this contract, the labor categories should include all those listed in the RFP (such as mathematics, statistics, economics, and writing) as well as an “other” category to include specialized skills such as training program developer, instructor/trainer, organization and personnel specialists, and financial modeling. Included in this section of the RFP, will the Department state a range of rates that can be negotiated on individual contracts?

ANSWER: N/A

112. QUESTION: What are the relative weights the OIG will use in evaluating the various sections of the technical proposal?

ANSWER: See the answer to Question Number 6.

113. The following revised sections of the RFP are attached as indicated in the preceding questions and answers:

SECTION C - DESCRIPTION/SPECIFICATION/WORK STATEMENT

Section C.2. STATEMENT OF WORK (g) Technical Assistance To Federal Agencies, Page 11.

Section C.3. LABOR CATEGORIES (f) Information systems audit support specialist, Page 13.

SECTION H - SPECIAL CONTRACT REQUIREMENTS

Section H.3. CONFLICT OF INTEREST, Page 25.

SECTION J - ATTACHMENTS

Section J, Attachment A, Proforma Schedule I, Factor 1 - Licensed Certified Public Accounting Firm, Page 39 is replaced by a Attachment A-1, Factor I, Licensed Certified Public Accounting Firm.

Section J, Attachment B, Proforma Schedule II, Factor 2 - Past Performance, Page 40 is replaced by Attachment B-1, Proforma Schedule II, Factor 2 - Technical Experience on Page 40 a **and** Attachment B-2, Proforma Schedule IIa, Factor 3 - Past Performance on Page 40 b.

Section J, Attachment D, Proforma Schedule III, Factor 4 - Capability & Qualification of the Proposed Audit Teams, Page 42.

SECTION L - INSTRUCTIONS, CONDITIONS, AND NOTICES TO OFFERORS

Section L.3, Factor 2 - Technical Experience, Subfactor 2A, Page 65.

Section L.3, Factor 2 - Technical Experience, Subfactor 2B, Page 65.

Section L.3, Factor 2 - Technical Experience, Subfactor 2C, Quality Control, Page 66.

Section L.3, Factor 3 - Past Performance, Subfactor 3A, At a minimum, Page 66.

Section L.3, Factor 3 - Past Performance, Subfactor 3B, At a minimum, Page 66.

Section L.3., Factor 4 - Capability & Qualification of the Proposed Audit Teams, Subfactor 4D, Page 68.

Section L.3., Factor 5 - Audit Approach and Work Plan, Subfactor 5A, Page 69.

Section L.3., Factor 5 - Audit Approach and Work Plan, Subfactor 5B, Page 70.

SECTION M - EVALUATION FACTORS FOR AWARD

Section M.4, Factor 2 - Technical Experience, Subfactor 2A: Experience in performing audits, Page 78.

Section M.4., Factor 2 - Technical Experience, Subfactor 2B: Professional expertise/capability indicating the ability to accomplish the Scope of Work, Page 78.

Section M.4., Factor 2 - Technical Experience, Subfactor 2C, Quality Control, Page 79.

Section M.4., Factor 3 - Past Performance, Subfactor 3A, At a minimum , Page 80.

Section M.4., Factor 3 - Past Performance, Subfactor 3B, At a minimum , Page 80.

Section M.4., Factor 4 - Capability & Qualification of the Proposed Audit Teams, Subfactor 4D, Page 82.

Section M.4., Factor 5 - Audit Approach and Work Plan, Subfactor 5A & 5B, Page 82.

Section M.4., Factor 5 - Audit Approach and Work Plan, Subfactor 5C, Page 83.

114. The new due date/time for receipt of proposals is Thursday, May 22, 1997, 3:00 p.m., EDT.

SHADED INFORMATION INDICATES REVISION

SECTION C REMAINS THE SAME EXCEPT FOR THE INDICATED REVISIONS

SECTION C - DESCRIPTION/SPECIFICATION/WORK STATEMENT

C.2. STATEMENT OF WORK

~~—— (g) Technical Assistance To Federal Agencies~~

~~—— 1. The contractor shall provide technical assistance to Federal agencies in resolving audit findings and to testify at administrative and judicial hearings in accordance with fully executed task orders issued under this contract. Reimbursement for such work during the contract period shall be in accordance with the rates specified in the contract.~~

~~—— 2. The contractor is prohibited from providing individualized technical assistance to the entity under audit during the period of this contract.~~

C.3. LABOR CATEGORIES

(f) Information systems audit support specialists (This category includes individuals with specialized information systems technical knowledge, skills, and abilities who may not be accountants, but who have responsibilities and a level of experience similar to, and who function in their technical speciality at a level comparable to senior auditors or junior auditors. For the purposes of labor classifications, information systems specialist auditors who perform routine general and application control review as well as computer assisted audit techniques are not considered in the technical specialist classifications, but rather are considered in the accounting, auditing and related skills classifications as described below.)

The minimum education requirements include a bachelor degree. The minimum experience requirements include at least three (3) years of experience in information systems technology and ~~(b) six (6) months of experience in government audit experience.~~ Responsibilities include: (1) writing computer programs for a mainframe environment, (2) using available tools, languages, and utilities to perform data and statistical analysis and produce formatted reports. The Information Systems Audit Support Specialist possesses the ability to analyze a wide variety of batch and on-line systems, data formats, and complex programs.

(g) Audit Specific Specialist(s) (This labor category is considered exempt from coverage under the Service Contract Act).

The minimum experience requirements in this category include: (a) having thorough knowledge and formal training in the required specific specialty, (b) a high level of experience in applying the specific specialty, and (c) recognized standing in the applicable field. The responsibilities in this category include providing auditors with professional expertise in such areas as health, safety, law, investigations, actuarial science, mining, engineering, appraising, mathematics, statistics,

economics, writing, or other, that may be needed to plan, develop, and present technical assistance and training, expanded scope audits, economy and efficiency audits, program results audits, full scope audits, financial and compliance audits, indirect cost audits, and other types of audit services (e.g., audit coordination, audit orientation, pre-award surveys, pricing reviews, quality control reviews, evaluations, etc.). This category includes all specific specialties needed to complete assigned tasks that are not covered by the other labor categories in this contract. The use of each specific specialty is to be negotiated with the Contracting Officer within the labor hour composite range for this category.

SHADED INFORMATION INDICATES REVISION

SECTION H REMAINS THE SAME EXCEPT FOR THE INDICATED REVISIONS

SECTION H - SPECIAL CONTRACT REQUIREMENTS

H.3. CONFLICT OF INTEREST

(a) A “conflict of interest” shall be defined as an activity or relationship which the contractor has with other persons or entities which makes the contractor unable or potentially unable to render impartial assistance or advice to the Government under this contract, or the contractor’s objectivity in performing contract work is or might be otherwise impaired, or the activity or relationship gives the contractor an unfair competitive advantage. This includes but is not limited to any discussions, negotiations, or financial arrangements by a contractor with an auditee under this contract, or prospective auditee, relating to the conduct or resolution of any matter arising out of an ongoing or prospective audit or financial review, or any related audits.

(b) The contractor, by signing a task order, certifies to the best of his/her knowledge that no such conflict of interest, potential conflict of interest, or appearance of a conflict of interest exists. The contractor agrees to immediately notify the contracting officer, in writing, if during the performance of a task order or at anytime thereafter, while this contract remains in effect, a conflict of interest, potential conflict of interest, or appearance of a conflict of interest arises.

(c) If an activity of the contractor does give rise to a conflict of interest, potential conflict of interest, or appearance of a conflict of interest, which cannot be settled to the Department of Labor, Office of Inspector General’s or other Federal Agency’s satisfaction, the contract may be terminated for the convenience of the Government. The Contracting Officer shall make final determinations regarding terminations pursuant to this section.

SECTION J - ATTACHMENTS

Attachment A - Pro-Forma Schedule I - Licensed Certified Public
Accounting Firm (Amended)

Attachment B-1 - Pro-Forma Schedule IIa- Technical Experience (Amended)

Attachment B-2 - Proforma Schedule IIb - Past Performance (Amended)

Attachment C - Pro-Forma Client Authorization Letter (Not Amended & not included)

Attachment D - Pro-Forma Schedule III - Factor 4 - Capability &
Qualification of the Proposed Audit Team (Amended)

Attachment E - Labor Category Requirements Summary Chart (Not Amended & not included)

PRO-FORMA SCHEDULE I
FACTOR 1: LICENSED CERTIFIED PUBLIC ACCOUNTING FIRM

| | | Answer Yes or No Explain All No Answer on a Separate Page. | Answer Yes or No Explain All Yes Answer on a Separate Page. |
|---------------|-------------------|---|---|
| STATE NAME | LICENSE NUMBER | Good Standing with the AICPA, State Boards or Other Regulatory Body | Any Alleged Substandard Work |
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Use additional lines and pages if necessary

PRO-FORMA SCHEDULE IIa
FACTOR 2 - TECHNICAL EXPERIENCE

| CLIENT/ AUDIT | AUDIT PERIODS | TOTAL ASSETS OR EXPENSES WHICH EVER GREATER | TYPE OF AUDIT (Put an X in Box) | | | | NAMES AND LABOR CATEGORY OF KEY PERSONNEL ON AUDIT ASSIGNMENT |
|----------------------------|------------------------|---|------------------------------------|----------------------|-------------------------|---------|---|
| | | | FINANCIAL | | PERFORMANCE | | |
| | | | FINANCIAL STATEMENT | FINANCIAL RELATED | ECONOMY & EFFICIENCY | PROGRAM | |
| SAMPLE | | | | | | | |
| U. S. Department of Labor | | | | | | | |
| Unemployment Trust Fund | FY 1995, 1996, 1997 | \$32 BILLION | X | | | | J. DOE, PARTNER K. JONES, MANAGER D.LEE, SENIOR |
| Job Corp Best Practices | 7-1-96 TO 6-30-97 | \$1.1 BILLION | | | | X | M. LOE, PARTNER N. NEE, MANAGER |
| FEDERAL | | | | | | | |
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| STATE: | | | | | | | |
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| LOCAL: | | | | | | | |
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| NON-PROFITS | | | | | | | |
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| PRIVATE FOR PROFIT | | | | | | | |

Use additional lines and pages if necessary.

PRO-FORMA SCHEDULE III
FACTOR 4 - CAPABILITY & QUALIFICATION OF THE PROPOSED AUDIT TEAMS

| NAME | ANNUAL NUMBER OF HOURS AVAILABLE | | CPA STATE AND LICENSE NUMBER | YEARS OF EXPERIENCE IN LABOR CATEGORY | NAME OF SCHOOL (S), DEGREE (S) AND DATE DEGREES RECEIVED | GOOD STANDING WITH PROFESSIONAL AUTHORITIES | NAME AND NUMBER OF HOURS FOR EACH CPE COURSE 1/1/95 TO 12/31/96 | | NAME OF GOVERNMENT AUDITING ASSIGNMENTS AND LABOR CATEGORY DURING ASSIGNMENT | NAME OF PROFESSIONAL ORGANIZATIONS EMPLOYEE IS A MEMBER |
|-----------------------------------|---|-------------|--|--|--|---|---|-------------------------|---|---|
| | TOTAL FOR FIRM | THIS RFP | | | | | GOVERNMENT (24 HOURS) | NON-GOV'T (56 HOURS) | | |
| PARTNER | | | | | | | | | | |
| | | | | | | | | | | |
| MANAGER | | | | | | | | | | |
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| SENIOR | | | | | | | | | | |
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| STAFF | | | | | | | | | | |
| | | | | | | | | | | |
| INFORMATION TECHNOLOGY SPECIALIST | | | | | | | | | | |
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Use additional lines and pages to include all staff.

SHADED INFORMATION INDICATES REVISION

SECTIONS L REMAINS THE SAME EXCEPT FOR THE INDICATED REVISIONS

SECTION L - INSTRUCTIONS, CONDITIONS, AND NOTICES TO OFFERORS

Section L.3. TECHNICAL/MANAGEMENT PROPOSAL

FACTOR 2 - TECHNICAL EXPERIENCE:

Subfactor 2A: A detailed listing of the offeror's experience during the past 3 years should be presented on Proforma Schedule IIa, FACTOR 2, TECHNICAL EXPERIENCE, Attachment B-1, describing the performance of financial statement, financial related, economy and efficiency and performance audits for Federal, state or local agencies or Federal corporations, and/or private sector clients. Audits for the private sector clients shall have been prepared in accordance with generally accepted auditing standards and those for Federal, state or local entities shall have been prepared in accordance with the standards for financial audits contained in the Generally Accepted Government Auditing Standards (i.e., chapters 3, 4 and 5 of the "Yellow Book".)

For Subfactor 2A, offeror shall provide audit experience requested. The list should include the largest audits for each category of audit listed on Proforma Schedule IIa, for the last 3 years issued in final between January 1, 1994 to March 31, 1997. NO MORE THAN 20 AUDITS PER CATEGORY SHOULD BE PROVIDED. Do not include non-audit services. Each offeror must prepare Proforma Schedule IIa, FACTOR 2, TECHNICAL EXPERIENCE, (Attachment B-1) found in Section J - Attachments.

At a minimum, the offeror must demonstrate experience in performing at least one full scope financial statement audit prepared in accordance with the standards for financial audits contained in the Generally Accepted Government Auditing Standards for a Federal, state or local agencies or Federal corporations, and/or private sector clients. The audit shall have been, within the past 3 years in accordance with those auditing standards cited above.

Subfactor 2B: The offeror shall provide a detailed narrative describing its technical and professional expertise/capability in the following areas and a positive statement of affirmation that this expertise will be made available to perform the work described in the Scope of Work, including:

1. Auditing Automated/Electronic Accounting and Financial Management Systems This should describe the offeror's background and experience of auditing automated accounting and financial management systems. Particular emphasis should be given to describing automated systems audits of large accounting operations, especially of federal agencies.
2. EDP Auditing Techniques - This should describe the offeror's experience in using automated/electronic auditing techniques on a financial statement audit, including specific mention of software packages used to perform automated/electronic audit procedures.
3. Identifying Relevant Laws and Regulations and Assessing Compliance - This should describe the offeror's background (which could include the use of attorneys) and experience in identifying

relevant Federal laws and regulations and assessing compliance. Particular emphasis should be given to describing experience in assessing violations of laws and regulations in the context of a financial statement audit, especially of Federal agencies.

4. **Statistical Sampling**: This should describe the offeror's experience in applying statistical sampling methodologies, including statistical sampling software, to select and perform audit test procedures. Offerors should include a specific discussion of the statistical sampling methodologies it has used and its basis for selecting those methodologies.

At a minimum, the offeror must demonstrate through narrative descriptions/discussions that it has expertise/capability in all areas described above and make a positive statement of affirmation that the expertise/capability described/discussed in its narrative will be made available to perform the work described in the Scope of Work of this solicitation.

Subfactor 2C, Quality Control: Offeror shall provide a copy of its most recent peer review and a positive statement of affirmation that all licensed staff who will be assigned by the offeror to perform the work described in the Scope of Work of this solicitation are in good standing with all applicable state boards of accountancy or state licensing boards, and the AICPA. The firm must be in compliance with AICPA Peer Review requirements.

At a minimum, an offeror must have had at least one peer review conducted during the 3-year period beginning January 1, 1994 through December 31, 1996, that did not result in an adverse opinion. A copy of the firm's most recent peer review report, including any letter of comment and/or related response shall be provided. A new firm should indicate that there has not been a peer review and indicate if one is scheduled.

FACTOR 3 - PAST PERFORMANCE

In this section, please submit the information requested in Items 3A. and 3B. below for both the offeror and proposed major subcontractors. **The government will use this information to assess how well the Contractor has performed in the past (past performance) and to determine how relevant the work performed is to the requirements in this solicitation (technical experience).**

Subfactor 3A: At a minimum:

Each offeror must prepare Proforma Schedule IIb, FACTOR 3, PAST PERFORMANCE, (Attachment B-2) found in Section J - Attachments.

Client Authorization Letters (Attachment C, Section J - Attachments) must be mailed to individual references no later than five (5) work days after proposal submission.

Subfactor 3B: At a minimum: In addition, statements on the quality of a firm's audit work from at least three major audit customers *and* any work with a Federal Office of Inspector General from the last year should also be provided on the customer's letterhead. The offeror should also include a listing of the staff that worked on these projects to be compared to the proposed audit team members experience and qualifications. The Department of Labor OIG should not be requested to provide one of these recommendations because project evaluations are already available for the work performed.

Each offeror will be evaluated on his/her performance under existing and prior contracts for similar products or services. Performance information will be used for both responsibility determinations and as an evaluation factor against which offeror's relative rankings will be compared to assure best value to the Government. The Government will focus on information that demonstrates quality of performance relative to the size and complexity of the procurement under consideration. References other than those identified by the offeror may be contacted by the Government with the information received used in the evaluation of the offeror's past performance.

Information used will be obtained from the references listed in the proposal, other customers known to the Government, consumer protection organizations, and others who may have useful and relevant information. Information will also be considered regarding any significant subcontractors, and key personnel records.

FACTOR 4 - CAPABILITY & QUALIFICATION OF THE PROPOSED AUDIT TEAMS

Subfactor 4D. Education (including college degrees, advanced degrees/JD, professional certifications) and training (including a list of the types/description of continuing education courses and total hours for each of the past 2 years.) Section J, Attachment D should include the number of CPE hours, but a list of courses taken by each member of the proposed audit team during the past 2 years should be attached to the Proforma Schedule III or follow Proforma Schedule III in the proposal.

At a minimum, everyone assigned to this audit team must have a 4 year college degree and shall have met the continuing education requirement of the Generally Accepted Government Auditing Standards for the most recent two calendar years and all of the audit team's partners and managers are CPA's and the seniors and staff are either CPAs or meet the CPA educational requirements in the state where employed.

FACTOR 5 - AUDIT APPROACH AND WORK PLAN

The offeror must demonstrate an understanding of the scope of the work to be done and a sound technical approach.

Subfactor 5A: The offeror shall provide a narrative description of his understanding and demonstrated experience in conducting A) financial statement audits -- the reporting requirement described in the CFO Act, GMRA and OMB Bulletin 93-06, B) financial-related audits -- the cost principles in OMB Circulars A-122 and A-87, the uniform administrative requirements for grants (Federal grant management regulations and the "Common Rule") as implemented by the Federal agencies, and the Federal Acquisition Regulations (FAR), AND C) performance audits of Federal programs or grants/contracts -- Chapters 6 and 7 of the "Yellow Book", 1994 Revision.

Additionally, the narrative should include a description and indication of the offeror's ability to utilize generally accepted auditing standards, Generally Accepted Government Auditing Standards for financial statement audits, financial-related audits and performance audits.

At a minimum, the offeror shall demonstrate the following:

- (a) Initial audit planning designed to develop an understanding of the entity.
- (b) An anticipated methodology to address the audit objectives to ensure compliance with the references above in accordance with the Generally Accepted Government Auditing Standards.
- (c) An audit approach that indicates a thorough understanding of the fieldwork and reporting standards for either financial statement, financial-related or performance audits in accordance with the Generally Accepted Government Auditing Standards.

At a minimum, the offeror must present a general audit approach demonstrating an audit methodology that meets the requirements of this RFP's Scope of Work, as specified in (a) through (c), above. When citing financial statement audit experience, the audit approach should describe how initial planning, and control and substantive testing will be completed during the course of the audit and the specific reports required under the CFO Act, GMRA, and OMB Bulletin No. 93-06 and its ability to utilize the auditing standards cited above and the requirements of OMB Bulletin 93-06. When citing financial-related audit experience, the audit approach should describe how initial planning and substantive testing will be completed during the course of the audit considering the requirements of the cost principles in OMB Circulars A-122, A-87, the uniform administrative requirements for grants (Federal grant management regulations and the "Common Rule") as implemented by the Federal agencies, and the Federal Acquisition Regulations (FAR). When citing performance audit experience, the audit approach should describe how initial planning and substantive testing will be completed during the course of the audit and the specific reports required will comply with Chapters 6 and 7 of the "Yellow Book", 1994 Revision.

Subfactor 5B: The offeror should discuss one or more audit problems (either of a technical, administrative and/or managerial nature) that did arise during any government financial statement, financial-related, and performance audit, and describe the strategies for effectively dealing with these problems.

At a minimum, the offeror must discuss at least one potential problem for a government financial statement, financial-related, and performance audit.

SHADED INFORMATION INDICATES REVISION

SECTIONS M REMAINS THE SAME EXCEPT FOR THE INDICATED REVISIONS

SECTION M - EVALUATION FACTORS FOR AWARD

SECTION M.4. STEP 2 - TECHNICAL EVALUATION AND RANKING

FACTOR 2 - TECHNICAL EXPERIENCE:

This factor considers how relevant this past work is in relation to the work required by this solicitation (technical experience). The evaluation of technical experience will consider:

Subfactor 2A: Experience in performing financial statement, financial related, economy and efficiency, and performance audits.

(a) Experience in performing financial statement, financial related, economy and efficiency, and performance audits for Federal, state or local agencies or Federal corporations, and/or private sector clients. Audits for the private sector clients shall have been prepared in accordance with generally accepted auditing standards and those for Federal, state or local entities shall have been prepared in accordance with the standards for financial audits contained in the Generally Accepted Government Auditing Standards (i.e., chapters 3, 4 and 5 of the "Yellow Book".)

(b) At a minimum, the offeror must demonstrate experience in performing at least one full scope financial statement audit prepared in accordance with the standards for financial audits contained in the Generally Accepted Government Auditing Standards for a Federal, state or local agencies or Federal corporations, and/or private sector clients. The audit shall have been, within the past 3 years in accordance with those auditing standards cited above. Each offeror must prepare Proforma Schedule IIa, FACTOR 2 - TECHNICAL EXPERIENCE, (Attachment B-1) in Section J - Attachments.

Subfactor 2B: Professional expertise/capability indicating the ability to accomplish the Scope of Work, including:

(a) Professional expertise/capability in the following areas indicating the ability to perform the work described in the Scope of Work.

1. Auditing Automated/Electronic Accounting and Financial Management Systems
2. EDP Auditing Techniques
3. Identifying Relevant Laws and Regulations and Assessing Compliance
4. Statistical Sampling

(b) At a minimum, the offeror must demonstrate through narrative descriptions/discussions that it has expertise/capability in all areas described above and make a positive statement of affirmation that the

expertise/capability described/discussed in its narrative will be made available to perform the work described in the Scope of Work of this solicitation.

Subfactor 2C: Quality Control:

(a) The results of the offeror's most recent peer review report, including any letter of comment and the firm's response. The firm must be in compliance with AICPA Peer Review requirements.

(b) A positive statement of affirmation that all licensed staff who will be assigned by the offeror to perform the work describes the Scope of Work of this solicitation are in good standing with all applicable state boards of accountancy or state licensing boards, and the AICPA.

(c) At a minimum, an offeror must have had at least one peer review conducted during the 3-year period beginning January 1, 1994 through December 31, 1996, that did not result in an adverse opinion. A copy of the firm's most recent peer review report, including any letter of comment and/or related response shall be provided. If the firm is new and has not had a peer review a statement indicating this fact and the date of a peer review if it is scheduled. A new firm should indicate that there has not been a peer review and indicate if one is scheduled.

FACTOR 3 - PAST PERFORMANCE:

This factor considers how the offeror has performed in the past (past performance) and how relevant this past work is in relation to the work required by this solicitation (technical experience). A sample of these individuals will be contacted to provide an overall assessment of your firm's contract performance. (Note: The Source Selection Evaluation Board (SSEB) must be able to reach at least 3 of the references provided within a reasonable amount of time; i.e., 2 weeks after the first attempt.) Assessment of offeror's past performance will be one means of evaluating the credibility of the offeror's proposal, and relative capability to meet performance requirements.

Evaluation of past performance will be based on the references described in Section L.3.

The following considerations will apply to the evaluation of past performance:

(a) Quality of Product or Service: compliance with contract requirements, accuracy of reports, and technical excellence; initiative in meeting requirements, response to technical direction, and responsiveness to performance problems.

(b) Timeliness of Performance: met interim milestones - reliable- responsive to technical direction - completed on time, including wrap-up and contract administration - no liquidated damages assessed.

(c) Cost Control: within budget - current, accurate, and complete billings - relationship of negotiated costs to actual cost - cost efficiencies.

(d) Business Relations: effective management - effective small/small disadvantaged subcontracting program - reasonable/cooperative behavior - flexible - business-like interest for the Government's interests.

(e) Customer Satisfaction: satisfaction of end-users with the Contractor's services.

(f) Awards: receipt of widely-recognized quality awards or certifications.

Evaluation of past performance will often be quite subjective based on consideration of all relevant facts and circumstances. It will include a determination of the offeror's commitment to customer satisfaction and will include conclusions of informed judgment. However, the basis for conclusions of judgment will be documented.

If discussions are held, offerors will be given an opportunity to address unfavorable reports of past performance, if the offeror has not had a previous opportunity to review the rating. Recent contracts will be examined to ensure that corrective measures have been implemented. Prompt corrective action in isolated instances may not outweigh overall negative trends.

If an offeror or the proposed employees for the offeror, do not have a past performance history relating to this solicitation, the offeror will not be evaluated favorably or unfavorably on this factor.

If an offeror chooses not to supply the past performance information requested in Section L.3. and the Government becomes aware that the offeror, in fact, has relevant past performance information, the Contracting Officer may consider the offeror to be ineligible for contract award.

Subfactor 3A: At a minimum: Each offeror must prepare Proforma Schedule IIb, FACTOR 3 - PAST PERFORMANCE, (Attachment B-2) found in Section J-Attachments.

Subfactor 3B: At a minimum: In addition, statements on the quality of a firm's audit work from at least three major audit customers *and* any work with a Federal Office of Inspector General from the last year should also be provided on the customer's letterhead. The offeror should also include a listing of the staff that worked on these projects to be compared to the proposed audit team members experience and qualifications. The Department of Labor OIG should not be requested to provide one of these recommendations because project evaluations are already available for the work performed.

FACTOR 4 - CAPABILITY & QUALIFICATION OF THE PROPOSED AUDIT TEAMS

Subfactor 4D. Education (including college degrees, advanced degrees/JD, professional certifications) and training (including a list of the types/description of continuing education courses and total hours for each of the past 2 years.) Section J, Attachment D should include the number of CPE hours, but a list of the courses taken by each member of the proposed audit team during the past 2 year should be attached to the Proforma Schedule III or follow Proforma Schedule III in the proposal.

At a minimum, everyone assigned to this audit team must have a 4 year college degree and shall have met the continuing education requirement of the Generally Accepted Government Auditing Standards for the most recent two calendar years and all of the audit team's partners and managers are CPA's and the seniors and staff are either CPAs or meet the CPA educational requirements in the state where employed.

FACTOR 5 - AUDIT APPROACH AND WORK PLAN

The offeror must demonstrate an understanding of the scope of the work to be done and a sound technical approach.

Subfactor 5A: The offeror shall provide a narrative description of his understanding and demonstrated experience in conducting A) financial statement audits -- the reporting requirement described in the CFO Act, GMRA and OMB Bulletin 93-06, B) financial-related audits -- the cost principles in OMB Circulars A-122 and A-87, the uniform administrative requirements for grants (Federal grant management regulations and the "Common Rule") as implemented by the Federal agencies, and the Federal Acquisition Regulations (FAR), AND C) performance audits of Federal programs or grants/contracts -- Chapters 6 and 7 of the "Yellow Book", 1994 Revision.

Additionally, the narrative should include a description and indication of the offeror's ability to utilize generally accepted auditing standards, Generally Accepted Government Auditing Standards for financial statement audits, financial-related audits and performance audits.

At a minimum, the offeror shall demonstrate the following:

- (a) Initial audit planning designed to develop an understanding of the entity.
- (b) An anticipated methodology to address the audit objectives to ensure compliance with the references above in accordance with the Generally Accepted Government Auditing Standards.
- (c) An audit approach that indicates a thorough understanding of the fieldwork and reporting standards for either financial statement, financial-related or performance audits in accordance with the Generally Accepted Government Auditing Standards.

At a minimum, the offeror must present a general audit approach demonstrating an audit methodology that meets the requirements of this RFP's Scope of Work, as specified in (a) through (c), above. When citing financial statement audit experience, the audit approach should describe how initial planning, and control and substantive testing will be completed during the course of the audit and the specific reports required under the CFO Act, GMRA, and OMB Bulletin No. 93-06 and its ability to utilize the auditing standards cited above and the requirements of OMB Bulletin 93-06. When citing financial-related audit experience, the audit approach should describe how initial planning and substantive testing will be completed during the course of the audit considering the requirements of the cost principles in OMB Circulars A-122, A-87, the uniform administrative requirements for grants (Federal grant management regulations and the "Common Rule") as implemented by the Federal agencies, and the Federal Acquisition Regulations (FAR). When citing performance audit experience, the audit approach should describe how initial planning and substantive testing will be completed during the course of the audit and the specific reports required will comply with Chapters 6 and 7 of the "Yellow Book", 1994 Revision.

Subfactor 5B: The offeror should discuss one or more audit problems (either of a technical, administrative and/or managerial nature) that did arise during any government financial statement, financial-related, and performance audit, and describe the strategies for effectively dealing with these problems.

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